

76TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 2543
CARRIER:

REVENUE: May have
FISCAL: May have

Preliminary

Action:

Vote:

Yeas:

Nays:

Exc.:

MEASURE: HB 2543
EXHIBIT: 0
HOUSE REVENUE COMMITTEE
DATE: 3/4/2011 PAGES: 1
SUBMITTED BY: CHRISTINE
BRONIAK

Prepared By: Christine Broniak/ Malik, Economist

Meeting Dates: 2/11, 3/4

WHAT THE BILL DOES: Increases simple interest on deferred property taxes from 6% to 8% per annum to be paid at the end of the deferral period.

ISSUES DISCUSSED:

- Senior deferral history
- Payments by DOR.
- What types of limits exist or don't.
- Cash flow and revenue expectations.

EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND: The senior and disabled property tax deferral program extends the opportunity to defer property taxes for seniors and disabled persons with qualifying incomes. The incomes must be under a threshold equivalent to an annual household income of \$32,000 in the first half of 2001. Over the period of the deferral, taxes accumulate as a lien against the tax-deferred property with an interest rate of 6%. This measure changes the interest rate to 8%, thus increasing the amount of taxes paid to the Department of Revenue at the end of the deferral period.

The Department of Revenue makes payments annually to the county tax collectors for the amount of tax that would otherwise be due from properties in deferral. Cash flow available to make the required payments is anticipated to be \$15 million below the amount required in November 2011. An increase in the interest to 8% will increase long-term funding to the program, increasing interest rates on future deferrals. As written, this measure would not affect revenues to the program immediately or apply retroactively to past deferrals when they expire and the department is paid the back property taxes and revenue. The committee may wish to investigate other solutions that would restore adequate cash flow in the short-term.

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